



County Administrative Office

May 29, 2015

I hereby submit for the Board's consideration the 2015-16 Recommended Budgets, guided by the Countywide Vision. The Countywide Vision calls for the creation of a "complete county" that capitalizes on its many assets to collaboratively establish a sustainable system of economic opportunity, education, well-being and amenities. The Countywide Vision and the Board adopted County Goals and Objectives provide County government with clear direction as it makes budget decisions.

In this document you will see that County departments, Board Governed Special Districts and Other Agencies built their 2015-16 Recommended Budgets to achieve the Board's policy direction. For 2015-16 each department has reexamined performance measures to ensure they are attainable and relevant to the department's core mission, and that they tie directly to the 2015-16 County Goals and Objectives.

The 2015-16 Recommended Budget of \$5.2 billion is balanced and, consistent with policy direction received from the Board of Supervisors, no reserves are being used to fund ongoing costs and there is limited use of one-time sources to fund operating costs. The 2015-16 Recommended Budgets address the following key issues:

- Funding of medical and mental health services in County detention centers
- Funding to begin restoration of services reduced during the recession
- Ongoing funding for pavement condition maintenance
- Continues investment in capital improvement and transportation projects
- Maintains fiscal responsibility through contributions to reserves of \$68.5 million

This budget book presents the County General Fund and County restricted general funds. It also presents capital project funds, special revenue funds, enterprise funds, internal service funds and permanent funds for all entities in the 2015-16 Recommended Budget book including the County, Board Governed County Service Areas, San Bernardino County Fire Protection District, San Bernardino County Flood Control District, Big Bear Valley Recreation and Park District, and Bloomington Recreation and Park District. Other agencies presented in this budget book include County Industrial Development Authority, Economic and Community Development Corporation, In-Home Supportive Services Public Authority, and Inland Counties Emergency Medical Agency. The total requirements for these funds in 2015-16 are \$5.2 billion, which includes amounts budgeted as contingencies or contributions to reserves. Excluding these amounts, total projected expenditures for 2015-16 are \$4.7 billion.

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General Fund requirements total \$2.8 billion and are funded by Countywide discretionary revenues (primarily property taxes), departmental revenues, and other funding sources of the General Fund. Of this \$2.8 billion, only \$545.2 million is truly discretionary.

	Requirements (In Millions)		
	2014-15 Modified	2015-16 Recommended	Change
General Fund	\$ 2,782.5	\$ 2,821.3	\$ 38.8
General Fund - Restricted	\$ 53.2	\$ 45.8	(7.4)
Special Revenue Funds	\$ 1,091.7	\$ 1,110.0	18.3
Capital Project Funds	\$ 283.2	\$ 241.6	(41.6)
Enterprise Funds	\$ 690.0	\$ 692.7	2.6
Internal Service Funds	\$ 226.5	\$ 238.8	12.3
Permanent Funds	\$ 1.6	\$ 1.6	(0.0)
	<u>\$ 5,128.7</u>	<u>\$ 5,151.8</u>	<u>\$ 23.0</u>

The \$38.8 million net increase in General Fund requirements includes notable increases in the two largest County operational groups: Human Services (\$55.8 million) and Law and Justice (\$18.9 million). The Human Services Operational Group is anticipating increased State and Federal funding primarily to support increased caseloads and provide additional services for participants of the Welfare to Work and Child Welfare Services programs. The County is also allocating significant additional resources to meet the growing need for augmented correctional services associated with Public Safety Realignment. This includes the need for additional medical and mental health services for County inmates and improving span of control at West Valley Detention Center.

The 2015-16 County General Fund budget also reflects the shift from budgeting for future infrastructure projects and economic uncertainties in contingencies to instead contributing these amounts to reserves. This change in approach better characterizes the multi-year nature of projects, economic impacts and other needs to be addressed with limited General Fund resources. This has resulted in the net increase of \$18.8 million in General Fund Contributions to Reserves offset by a decrease in General Fund Contingencies (\$59.3 million).

The \$7.4 million decrease in Restricted General Funds is caused primarily by a reduction in the transfer from the Health Realignment Fund to the Arrowhead Regional Medical Center as a result of State legislation (AB 85). This legislation requires a redirection of a portion of health realignment revenues, which will therefore not be available for ARMC operations. However, overall operations of the hospital are not anticipated to be impacted as net sources available to the department are increasing \$10.9 million in 2015-16.

The increase of \$18.3 million in Special Revenue Funds is primarily due to increases of available reserves within the Flood Control District Budget Units as the result of the receipt of a settlement payment related to an insurance coverage action (\$14.0 million) and delayed capital projects (\$6.1 million) in 2014-15. These increases in 2014-15 are largely being set aside as reserves in 2015-16 for future planned capital projects and for response to emergency storm events.

The \$41.6 million decrease in Capital Project Funds is primarily due to a decrease in budgeted expenditures for the 800 MHz Upgrade Project, the Sheriff's Crime Lab Expansion Project, and the Buildings Acquisition and Retrofit Project compared to 2014-15.